REMARKS

The Applicants have carefully reviewed the Final Office Action mailed November 27, 2006 and offer the following remarks to accompany the above amendments.

Claim 9 has been amended to correct a typographical error.

Claims 1, 3, 4, 10-12, and 15 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Application Publication No. 2002/0146122 A1 to *Vestergaard et al.* (hereinafter "*Vestergaard*"). The Applicants respectfully traverse the rejection.

Prior to addressing the rejection, the Applicants provide a brief overview of the invention. The present invention relates to an electronic marketplace for buying and selling digital files. There are problems associated with buying and selling digital files and other centralized content. For example, growing Internet congestion, limited bandwidth, and increasing file sizes make it difficult to gain access to digital files. Traditional Internet technologies for distributing content, such as e-mail, streaming media, and FTP have certain disadvantages. In addition, as file sizes increase, distribution becomes more expensive for content providers due to metered pricing of bandwidth. Also, there was previously no efficient payment mechanism for small transactions. Finally, some content providers are unwilling to sell content on the Internet due to a lack of security. The present invention solves these problems by allowing a content owner to post a file on a digital marketplace, provide information about the file, set a retail price that users will be charged for downloading the file, and set a reseller commission for the file. A first user then may search for files posted on the digital marketplace for a file to resell on a third party website. A second user may further search the files posted on the digital marketplace for a file to download to a third party website. The second user may also download files from the third party website. If the second user downloads a file from the third party website, the first user is paid the reseller commission. Moreover, the content owner receives a payment, which is based on the retail price minus the reseller commission. Among other features, the prior art fails to teach or suggest paying a content owner a payment based on a retail price minus a reseller commission.

According to Chapter 2143.03 of the M.P.E.P., in order to "establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art." The Applicants respectfully submit that *Vestergaard* does not disclose or suggest all the features recited in claims 1, 3, 4, 10-12, and 15. More specifically, claim 1 recites, among

other features, if a second user downloads a file from a third party website, that a second user pays a first user a reseller commission set for a file. The second user also pays "a content owner" of the file a payment "based on the retail price minus the reseller commission," if the second user downloads a file from a third party website. Claim 12 includes similar features. The Applicants respectfully submit that *Vestergaard* does not disclose or suggest paying a content owner a payment based on a retail price minus a reseller commission. The Patent Office correctly pointed out that *Vestergaard* does not disclose paying a content owner a payment based on a retail price minus the reseller commission. (See Office Action mailed November 27, 2006, page 8). However, in maintaining the rejection, the Patent Office indicates that the compensation for a distributor "can be a flat rate (e.g. retail price minus a predetermined rate, where the flat rate can be increased or decreased)." (See Office Action mailed November 27, 2006, page 4). While *Vestergaard* does disclose that a flat rate is paid to a distributor, *Vestergaard* does not disclose or suggest that the flat rate is a retail price minus a predetermined rate. (See *Vestergaard*, paragraph **[0152]**).

Nevertheless, the Applicants respectfully submit that even if *Vestergaard* somehow did disclose that the flat rate includes a retail price minus a predetermined rate as suggested by the Patent Office, a point which the Applicants do not concede, this still does not disclose the recitation in claim 1 for a number of reasons. First, claim 1 recites paying a "content owner" a payment based on a retail price minus a reseller commission. The modification to *Vestergaard* proposed by the Patent Office does not pay a "content owner" a payment based on a retail price minus a reseller commission. Instead, the payment, according to the Patent Office, would go to the distributor. In particular, if one were to somehow inject the feature of a retail price minus a predetermined rate into a flat rate, according to the Patent Office, the flat rate is paid to the distributor, not to the content owner. Thus, *Vestergaard* fails in spite of the modification suggested in the Office Action.

Second, the rejection fails for the simple fact that it does not disclose a payment, which is based on a retail price minus a reseller commission. As discussed above, according to the present invention, if the second user downloads a file from a third party website, a first user is paid a reseller commission. Moreover, the content owner receives a payment, which is based on the retail price of the file minus the reseller commission, which is paid to the first user. According to the Patent Office, the distributor disclosed in *Vestergaard* is the party, which

downloads a file onto a third party website for resale. Thus, according to the Patent Office, the distributor is the first party. Therefore, according to the Patent Office, the flat rate paid to the distributor is the reseller commission. However, according to the Patent Office, the flat rate is a retail price minus a predetermined rate.[1] The Applicants submit that since the reseller commission is a retail price minus a predetermined amount, this cannot be the same as the payment made to the content owner as recited in claim 1, where payment is the retail price minus the reseller commission, or in the case of *Vestergaard* as interpreted by the Patent Office, the retail price minus the flat rate.

In spite of the above-noted shortcomings, the Applicants respectfully submit that *Vestergaard* does not suggest the feature of a flat rate where the flat rate is a retail price minus a predetermined rate. According to Chapter 2143.01 of the M.P.E.P., obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so. The teaching, suggestion, or motivation must be found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art. The Applicants respectfully submit that there is no teaching, suggestion, or motivation to modify *Vestergaard* as suggested by the Patent Office. In maintaining the rejection, the Patent Office indicated that there is motivation to modify *Vestergaard* "because the marketplace is an e-commerce business which works as a typical business." (See Office Action mailed November 27, 2006, pages 8-9). Even assuming *arguendo* that *Vestergaard* was a typical marketplace, the Applicants respectfully submit that the Patent Office has not established how a typical business would provide the motivation to modify a flat rate such that a flat rate is a retail price minus a predetermined rate. Furthermore, the Patent Office has not provided any actual evidence in support of its stated motivation. The Patent Office also has not established how the knowledge generally available to one of ordinary skill in the art would provide the motivation, teaching, or suggestion to modify *Vestergaard* as proposed by the Patent Office.

Additionally, the Patent Office has provided no evidence to support the conclusion that an example of a flat rate may be a retail price minus a predetermined rate. In fact, the Applicants respectfully submit that the Patent Office has improperly resorted to the Applicants' disclosure in asserting the suggestion to achieve the feature of paying the content owner a payment "based on

[1] See Office Action mailed November 27, 2006, page 4.

the retail price minus the reseller commission." As pointed out in Chapter 2142 of the M.P.E.P., impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art. Moreover, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on the Applicants' disclosure. The Applicants respectfully submit that the Patent Office has improperly used the Applicants' disclosure in suggesting that *Vestergaard* discloses the feature of paying the content owner a payment "based on the retail price minus the reseller commission." By stating that an example of a flat rate is the feature claimed by the Applicants without indicating why or how *Vestergaard* would teach or suggest this example, the Patent Office has impermissibly used hindsight by relying on the Applicants' disclosure in maintaining the rejection. Accordingly, for this reason and the reasons noted above, the Applicants submit that claims 1 and 12 are patentable over *Vestergaard* and respectfully request that the rejection be withdrawn. Likewise, claims 3, 4, 10, 11, and 15, which variously depend from claims 1 and 12, are patentable over *Vestergaard* for at least these reasons and the novel features recited therein.

Claims 2, 13, 14, 21-24, 33, and 34 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of U.S. Patent Application Publication No. 2003/0023505 A1 to *Eglen et al.* (hereinafter "*Eglen*"). The Applicants respectfully traverse the rejection.

As mentioned above, *Vestergaard* fails to disclose or suggest all the features recited in claims 1 and 12, the base claims from which claims 2, 13, 14, 21, and 22 respectively depend. In addition, *Eglen* fails to address the previously noted shortcomings of *Vestergaard.* As detailed above, claims 1 and 12 recite that a second user pays a first user a reseller commission set for a file and pays "a content owner" of the file a payment "based on the retail price minus the reseller commission" if the second user downloads a file from a third party website. Claims 23 and 33 also include similar features. The Applicants submit that *Eglen* fails to disclose these features. For at least this reason, claims 2, 13, 14, 21-23, and 33 are patentable over *Vestergaard* in view of *Eglen* and the Applicants request that the rejection be withdrawn. Similary, claims 24 and 34, which respectively depend from claims 23 and 33, are patentable for the same reasons as well as the novel features recited therein.

Claims 5, 16, 25, 30-32, and 35 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of U.S. Patent No. 6,587,837 B1 to *Spagna et al.*

(hereinafter "*Spagna*"). The Applicants respectfully traverse the rejection. As indicated above, *Vestergaard* does not disclose all the features recited in claims 1, 12, 23, and 33, the base claims from which claims 5, 16, 25, 31, 32, and 35 respectively depend. Similarly, *Spagna* does not address the previously noted problems of *Vestergaard*. Therefore, claims 5, 16, 25, 31, 32, and 35 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claim 30 recites "implementing at least six pricing models for file downloads within the digital marketplace, including a pay-per-download a model, a subscription model, a broadcast model, a private download model, a donation, and an infomercial model." As correctly pointed out in the Office Action, *Vestergaard* fails to disclose or suggest these pricing models. (See Office Action mailed November 27, 2006, page 14). Likewise, *Spagna* does not disclose or suggest a broadcast model, a private download model, a donation or an infomercial model. As such, claim 30 is patentable for at least this reason in addition to the reasons noted above and the Applicants respectfully request that the rejection be withdrawn.

Claims 6 and 17 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of U.S. Patent No. 6,112,181 to *Shear et al.* (hereinafter "*Shear*"). The Applicants respectfully traverse the rejection. As mentioned above, *Vestergaard* fails to disclose all the features recited in claims 1 and 12, the base claims from which claims 6 and 17 respectively depend. In addition, *Shear* fails to address the previously noted shortcomings of *Vestergaard*. As such, claims 6 and 17 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claims 7 and 18 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of *Shear* and further in view of *Spagna*. The Applicants respectfully traverse the rejection. As discussed above, claims 1 and 12, the base claims from which claims 7 and 18 respectively depend, are patentable over *Vestergaard*. In addition, neither *Shear* nor *Spagna*, either alone or in combination, overcome the previously noted shortcomings of *Vestergaard*. Thus, claims 7 and 18 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claims 8, 9, 19, and 20 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of U.S. Patent No. 5,819,092 to *Ferguson et al.* (hereinafter "*Ferguson*"). The Applicants respectfully traverse the rejection. As mentioned above,

Vestergaard fails to disclose all the features recited in claims 1 and 12, the base claims from which claims 8 and 19 respectively depend. In addition, *Ferguson* fails to address the previously noted shortcomings of *Vestergaard*. As such, claims 8 and 19 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claim 9 recites "wherein step (b)(i) further includes the step of: including as the sorting options sorting the matching files by popularity, by date, by size, by price, and by the reseller commission." Claim 20 includes similar features. The Applicants submit that neither of the references, either alone or in combination, disclose or suggest that sorting options include sorting files by popularity, by date, by size, by price, and by reseller commission. The Applicants have reviewed the cited portions of the references and submit that no where do the references disclose these features. Therefore, in addition to the reasons noted above, claims 9 and 20 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claims 26, 27, 36, and 37 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of *Eglen* and *Spagna* and further in view of *Shear*. The Applicants respectfully traverse the rejection. As discussed above, claims 23 and 33, the base claims from which claims 26, 27, 36, and 37 respectively depend, are patentable over *Vestergaard* in view of *Eglen* and *Spagna*. Likewise, *Shear* does not overcome the previously noted shortcomings of *Vestergaard*, *Eglan*, and *Spagna*. As such, claims 26, 27, 36, and 37 are also patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claims 28, 29, and 38 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of *Eglen* and *Spagna* and further in view of *Ferguson*. The Applicants respectfully traverse the rejection. Claims 28 and 38 depend from claims 23 and 33, respectively. As detailed above, claims 23 and 33 are patentable over *Vestergaard*, *Eglen*, and *Spagna*. In addition, *Ferguson* does not disclose or suggest the features missing from *Vestergaard*, *Eglen*, and *Spagna*. As such, claims 28 and 38 are patentable over the cited references and the Applicants respectfully request that the rejection be withdrawn.

Claim 29 recites "including as the sorting options sorting the matching files by popularity, by date, by size, by price, and by the reseller commission." The Applicants submit that none of the references, either singularly or in combination, disclose or suggest these features. As correctly pointed out in the Office Action, *Vestergaard* does not disclose these features. (See Office Action mailed November 27, 2006, page 18). Similarly, neither *Eglen*,

Spagna, nor *Ferguson*, either singularly or in combination, disclose or suggest sorting matching files by date, size, price, and reseller commission. Therefore, for this additional reason, claim 29 is patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claim 39 was rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of *Eglen* and further in view of *Ferguson*. The Applicants respectfully traverse the rejection. Claim 39 recites "including as the sorting options sorting the matching files by popularity, by date, by size, by price, and by the reseller commission." As discussed above, neither *Vestergaard*, *Eglen*, nor *Ferguson*, either alone or in combination, disclose or suggest these sorting features. Thus, in addition to the reasons noted above, claim 39 is patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claim 40 was rejected under 35 U.S.C. § 103(a) as being unpatentable over *Vestergaard* in view of *Eglen*, and *Ferguson*, and *Spagna*. The Applicants respectfully traverse the rejection. Claim 40 recites "further including the instruction of: implementing at least six pricing models for file downloads within the digital marketplace, including a pay-per-download model, a subscription model, a broadcast model, a private download model, a donation, and an infomercial model." As correctly pointed out in the Office Action, *Vestergaard* does not disclose all of these features. (See Office Action mailed November 27, 2006, page 19). Similarly, the Applicants respectfully submit that *Eglen*, *Ferguson*, or *Spagna*, either singularly or in combination, disclose or suggest implementing at least six pricing models which include a pay-per-download model, a subscription model, a broadcast model, a private download model, a donation, and an infomercial model. As such, claim 40 is patentable over the cited references for this additional reason, as well as the reasons noted above, and the Applicants request that the rejection be withdrawn.

The present application is now in condition for allowance and such action is respectfully requested. The Examiner is encouraged to contact the Applicants' representative regarding any remaining issues in an effort to expedite allowance and issuance of the present application.

Respectfully submitted,

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